



CLAIMING SOCIAL SECURITY: LACK OF KNOWLEDGE COULD BE COSTLY IN RETIREMENT

November 2023

Table of contents

Executive summary	3
Social Security Knowledge Levels and Prioritization	5
Money on the Table: Claiming Rules and Benefit Impacts	13
Marital Complexities Impact Benefit Amounts	19
Knowledge Impacts for Those Who Rely on It Most	26
Implications	31
Methodology	33
Contact	36



Executive Summary

For many retirees, Social Security is the largest source of income. Therefore, understanding the program is critical to maximizing benefits. This study, fielded among 3,383 Americans ages 25–66 who are either currently receiving or who will be eligible to receive Social Security retirement benefits in the future, is designed to assess knowledge levels and identify information gaps.

The following are key findings:

Americans want and need more information on Social Security.

- Social Security claiming rules are complex and certain decisions can cost retirees hundreds of dollars a month. Over half (59%) of Americans ages 25–66 say they are not knowledgeable about how benefits are determined.
- In fact, they are eager for more information — with seven in ten (70%) wishing they had more knowledge about how Social Security benefits are determined.
- Retirees may also rely more heavily than expected on Social Security benefits for retirement income.

Specifically, beneficiary claim ages — and their implication on monthly payments — are not well-known.

- Adults know that postponing when they begin collecting Social Security will increase their benefits. However, there is confusion about the age that would maximize their benefits as well as how early they can start collecting.
- In addition, fewer than half know that benefits claimed prior to age 67 can be further reduced by continuing to work while claiming Social Security. And even fewer know that benefits withheld from working will be returned, even though the reduction from claiming early is permanent.

Executive Summary, continued

And individuals who have ever been married face even more complex decisions.

- Most adults also mistakenly believe that dependent spouses are only eligible for Social Security benefits after their spouse dies and not while they are still living.
- Similarly, rules related to divorce and becoming a widow or widower are not well known.

In addition, populations that rely on Social Security the most show gaps in knowledge.

- The very people who count on it most — women and African American/Black and Hispanic/Latino American¹ populations — are less clear on some of the decisions that impact benefit amounts.

Finally, most adults do not understand what Trust Fund exhaustion means.

- Beyond what they do not know around claiming rules, few (19%) know that Social Security will be able to pay reduced benefits after the Trust Fund runs out. Therefore, recipients would see an additional reduction in payments on top of any impacts related to claiming decisions. Half believe Social Security will no longer make any payments.

All future beneficiaries want to make the right decisions for themselves and their spouses, if they are married. Yet, in only very few cases did over half answer our questions correctly. To this end, clear, digestible, and personalized information is needed.

¹ For the remainder of the report, African American/Black adults will be referred to as “Black” adults and Hispanic/Latino adults will be referred to as “Hispanic” adults.



SOCIAL SECURITY KNOWLEDGE LEVELS AND PRIORITIZATION

Very large majorities of adults want to maximize payments and to understand their ideal claim age.

Maximizing benefits for married adults and their spouses in retirement is seen as most important by nearly all (95%). Maximizing benefits for themselves (88%) and learning the best age to claim benefits (88%) are nearly as important. Interest in these topics was equally important regardless of age.

Percent who say the following are very or somewhat important
Among all respondents; spousal items only asked of married respondents

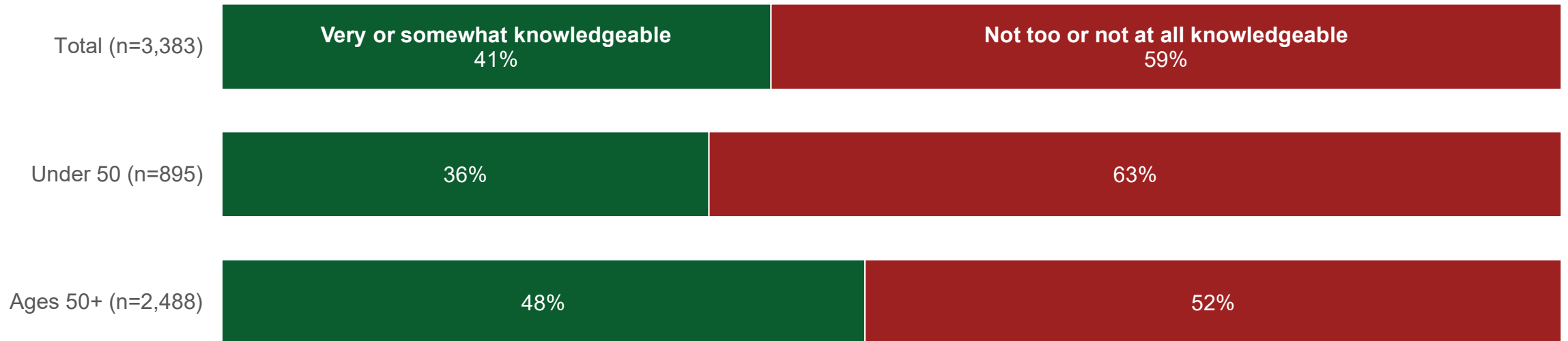


Q3. When thinking about your Social Security retirement benefits, how important is each of the following to you personally?
Base: All respondents; spousal items only asked of married respondents: n=1,696

Yet, over half say they lack knowledge about how Social Security determines payments.

While only two in five say they are knowledgeable about how benefits are determined, self-reported knowledge is higher among adults 50-plus, nearing half (48%). It would be expected that Americans closer to retirement would know more about this calculation and the rules associated with claiming.

Self-reported knowledge about how Social Security benefits are determined
Among all respondents



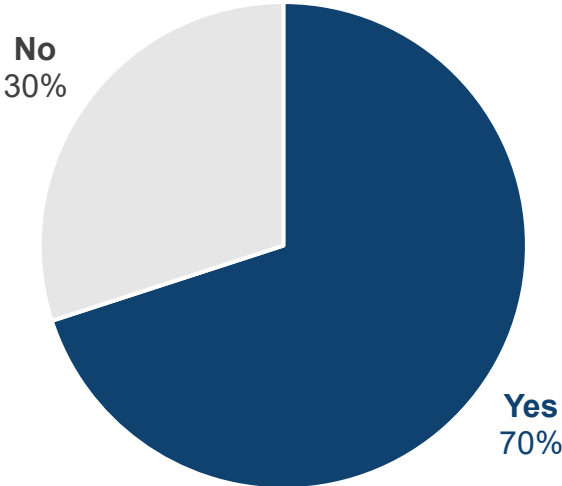
Q1. How knowledgeable do you feel you are about how your Social Security benefits are determined?

Base: All respondents

And most desire more understanding of how payments are determined.

Most Americans (73%) wish they knew more about how Social Security benefits are determined. Older Americans are only slightly more likely than younger Americans to want more information, signaling a desire to learn across generations.

Percent who want to know more about how benefits are determined
Among all respondents

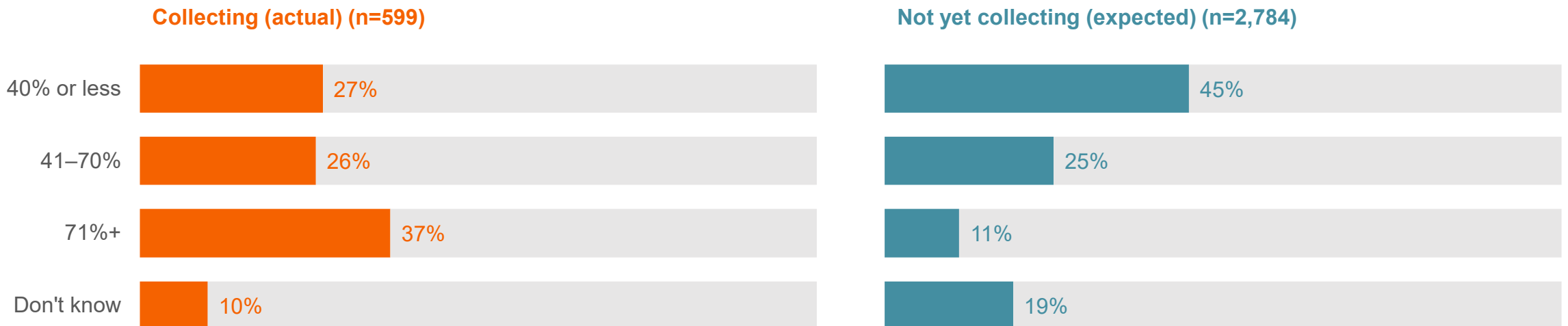


Q1a. Do you wish you knew more about how Social Security benefits are determined?
Base: All respondents

Knowledge is particularly important since reliance on Social Security may be heavier than expected in retirement.

For those who are already collecting Social Security retirement benefits, 37% rely on those monthly payments for greater than 70% of their income, in contrast to only 11% of those not collecting who expect it will make up 70% or more of their retirement income. It is possible that younger Americans are underestimating their reliance on Social Security in retirement, in which case they should become aware of how those benefits are determined.

Actual and expected reliance on Social Security in retirement
Among all respondents, by collection of Social Security retirement benefits



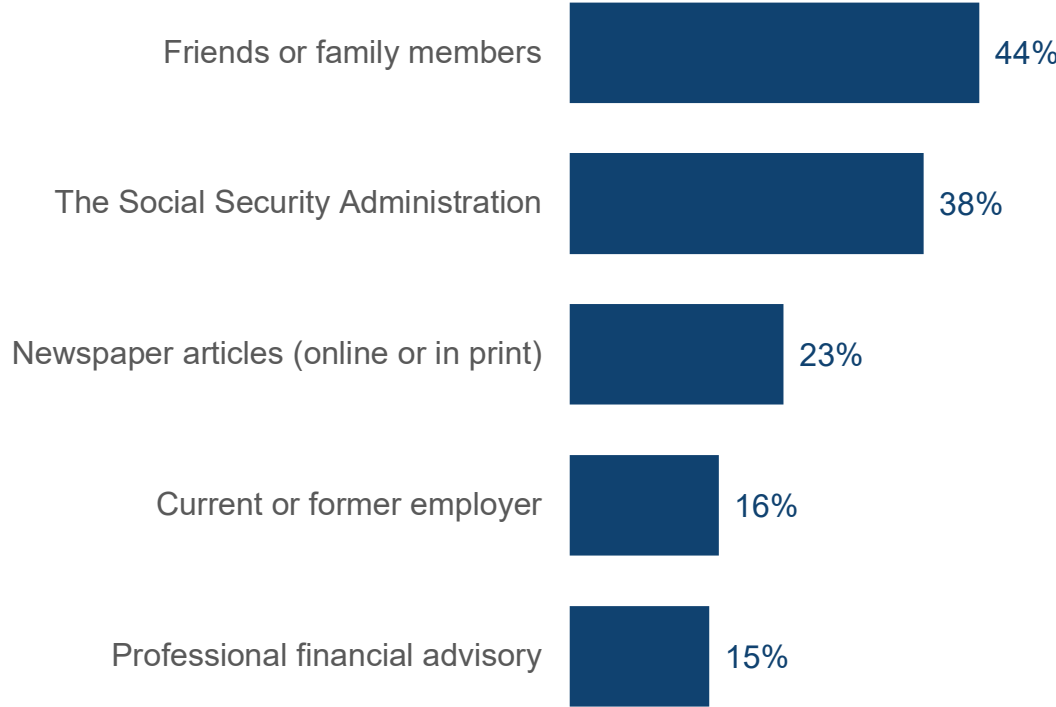
Q4A. What percent of your household income in retirement do you expect will come from your and your spouse's/your and your partner's/your] Social Security retirement benefits?

Q4B. [If currently collecting Social Security retirement benefits] What percent of your household income comes from [your spouse's/your and your partner's/your] Social Security retirement benefits?

Friends and family remain adults' top source of information, even though the information they get from them may be inaccurate.

The Social Security Administration is the second most popular source for information. Older adults (50-plus) are more likely than younger Americans to use most sources of information, which is not unexpected given their proximity to retirement.

Sources of information about Social Security retirement benefits
Among all respondents



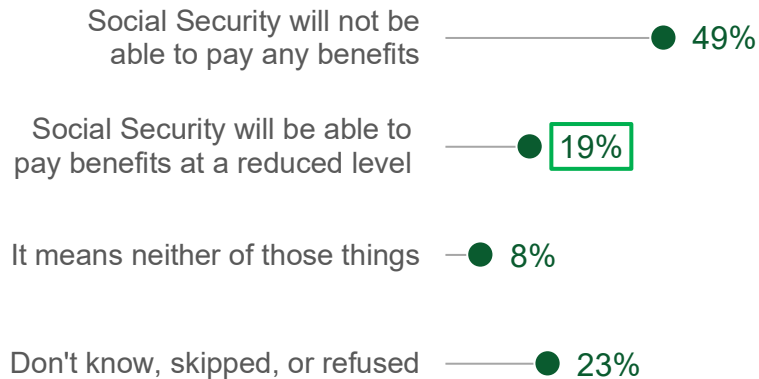
Q21: Have you used any of the following information sources to learn about Social Security retirement benefits or when to start collecting your benefits?
Base: All respondents. Chart reflects sources used by at least 15 percent of respondents.

Most adults do not understand what Trust Fund exhaustion means and are particularly unaware of the amount of benefit reduction after exhaustion.

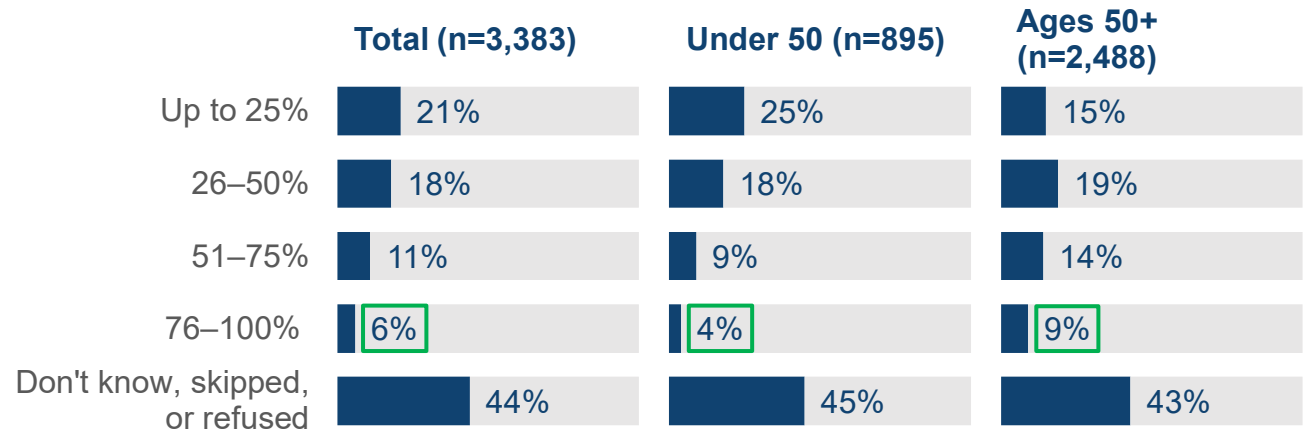
Nearly half (49%) believe Social Security will no longer be able to pay any benefits once the Trust Fund is exhausted, while only one in five (19%) correctly believe benefits will be reduced.

When told the Social Security Administration will be able to pay a percentage of retirement benefit amounts once the Trust Fund is exhausted, most adults misestimate the percentage of total benefits current taxes will be able to cover.

Effect of Trust Fund exhaustion
Among all respondents
Correct answer is reduced benefits



Total Social Security benefits current taxes can cover
Among all respondents, total and by age of respondent
Correct answer is 76–100%



Q2. The Social Security Administration projects that the Social Security Trust Fund will be exhausted in 2034. Based on your understanding, does this mean that...Base: All respondents

Q2A. After the trust fund is exhausted, current workers will still be paying Social Security taxes and the Social Security Administration will be able to pay a percentage of retirement benefit amounts. About what percentage of total benefits do you think current taxes will be able to cover? Your best guess is fine.
Base: All respondents

However, most adults *are* aware that Social Security retirement benefits are adjusted according to cost-of-living changes.

About six in 10 (62%) understand that Social Security retirement benefits adjust to keep up with cost-of-living changes that occur after a worker retires, while about a third (34%) think the benefits stay the same.

Knowledge of cost-of-living adjustments (COLA)
Among all respondents; percent selecting each answer
Correct answer is "benefits are adjusted"



Q19. To the best of your knowledge, are Social Security retirement benefits adjusted to keep up with cost-of-living changes that occur after a worker retires, or does the amount of the benefit stay the same even if the cost-of-living changes?

Base: All respondents



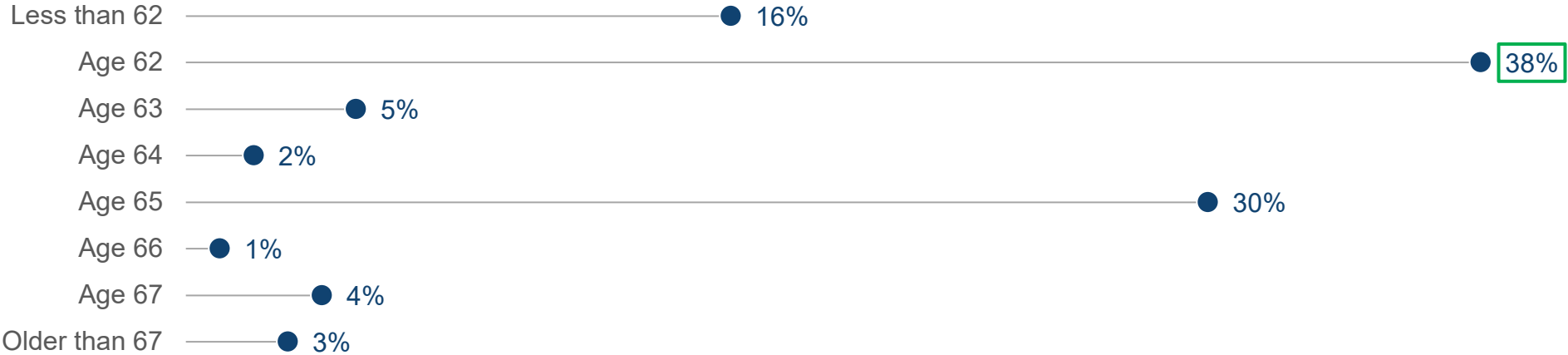
**MONEY ON THE TABLE: CLAIMING
RULES AND BENEFIT IMPACTS**

Americans' low self-reported knowledge is borne out in the data, as knowledge of critical claiming ages is low. Early claim age is largely unknown.

Age 62 is the earliest that Americans can claim Social Security retirement benefits. While the plurality (38%) identify this correctly, 62% do not know, including nearly a third who select the Medicare eligibility age of 65. Americans ages 50–66 are more likely than younger Americans to correctly answer (60% vs. 23%), while younger Americans (38%) are most likely to select age 65.

Earliest claim age

Among all respondents; percent selecting each answer
Correct answer is 62

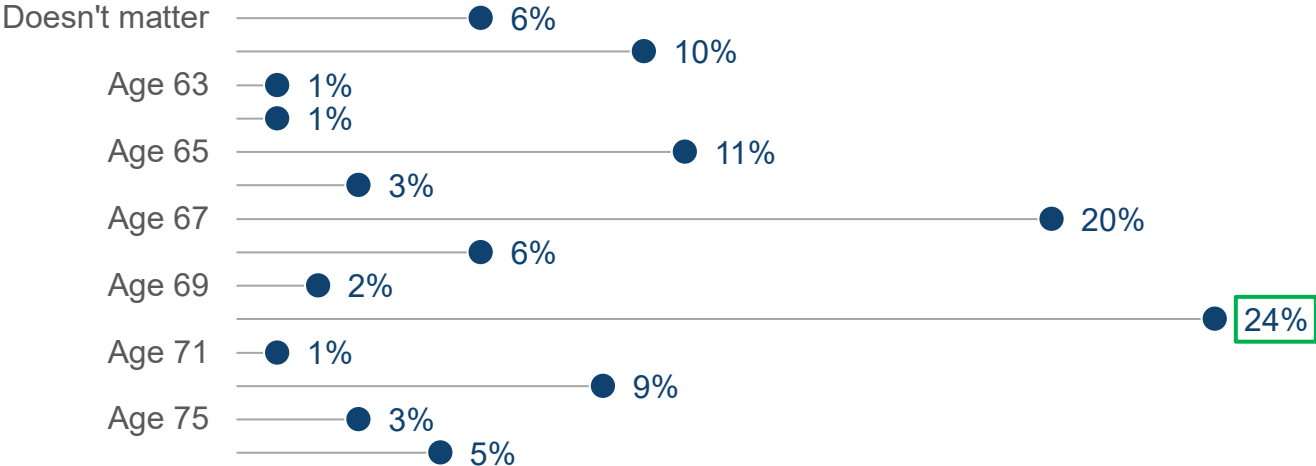


Q5. To your knowledge, what is the earliest age at which people can start collecting Social Security retirement benefits? Base: All respondents

Most adults do not know the age they should start collecting Social Security to maximize monthly payments.

Waiting past age 70 provides no financial advantage to Social Security retirement benefits. Only a quarter correctly identified 70 as the age they should start collecting Social Security retirement benefits in order to receive the highest possible monthly benefit. While 1 in 5 believe their full retirement age of 67 maximizes their benefit, a full quarter (26%) believe they will maximize their benefits at an age at which they would still receive a reduced benefit due to claiming early.

Age to claim to maximize benefits
 Among all respondents; percent selecting each answer
 Correct answer is 70

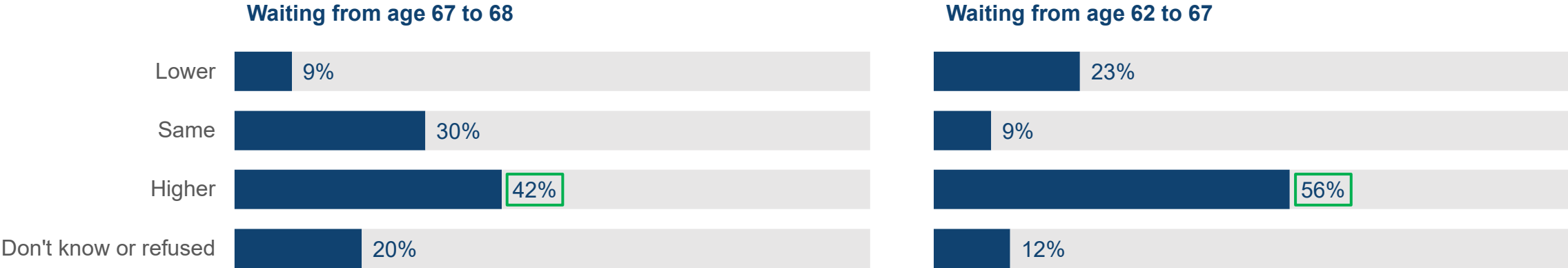


Q9. What is the age at which you should start collecting Social Security retirement benefits if you wanted to receive your highest possible monthly benefit? (If you're not sure, please provide your best guess.) Base: All respondents

While the plurality recognize that postponing claiming age increases monthly payments, many recognize that they “don’t know.”

While a slight majority realize that waiting five years from early claim age to full retirement age of 67 will increase their benefit, only four in ten correctly recognize that their monthly benefit would have been higher if they had waited another year after full retirement age (until age 68). Nearly one-third believe their benefit would be the same if they wait a year past full retirement age. Older Americans are more likely than those ages 25–49 to know the impact of delayed claiming.

Impact of waiting to claim benefits
 Among all respondents, by question
 Correct answer is "higher"



Q8. Compared to the monthly Social Security retirement benefit that you receive if you collect benefits at age 67, would your monthly benefit be lower or higher if you instead wait until age 68 to start collecting Social Security benefits, or would your monthly benefit be the same regardless of whether you collected at age 67 or age 68? Base: All respondents

Q6. Compared to the monthly Social Security retirement benefit that you receive if you collect benefits at age 62, would your monthly benefit be lower or higher if you instead wait until age 67 to start collecting Social Security benefits, or would your monthly benefit be the same regardless of whether you collected at age 62 or age 67? Base: All respondents

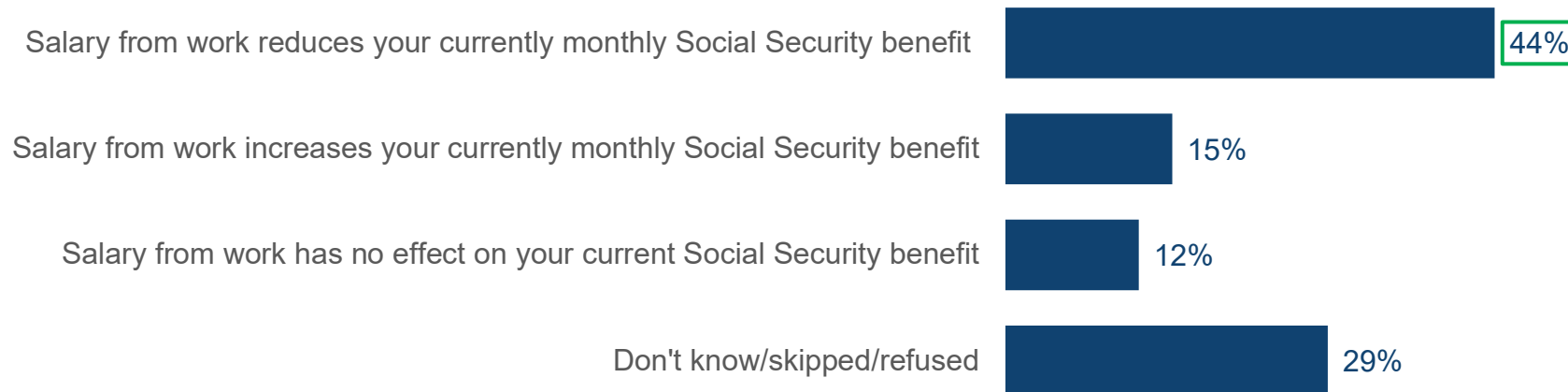
Fewer than half of adults know Social Security can be further reduced if they claim benefits and work prior to age 67 . . .

Working after collecting benefits early can result in a double reduction to benefits* — the reduction for claiming early and a further reduction from earning wages. Three in ten (29%) are unsure the impact of working while collecting benefits has on the amount of Social Security benefits they could collect. Americans 50-plus are more likely than younger Americans to correctly answer this question (53% vs. 38%).

Impact of salary from work on current monthly benefits if claimed at 62

Among all respondents; percent selecting each answer

Correct answer is "reduces"



Q10. As far as you know, if you were to claim Social Security retirement benefits at age 62 while you were employed in a job that paid \$40,000 per year, how would your salary affect your current monthly Social Security benefits? Base: All respondents

*If the beneficiary earns more than \$21,240 in 2023, they will be subject to this reduction, known as the Retirement Earnings Test

. . . And fewer than half of those know that benefits withheld from working will be returned, even though the reduction from claiming early is permanent.

While the monthly reduction from claiming early is permanent, benefits withheld from work are returned. Nearly six in 10 Americans who are aware of the impact of the retirement earnings test (57%) believe they will never get back the benefits that were withheld, while four in 10 (43%) know that after a certain age they will recoup benefits that were withheld while working.

Impact of withheld benefits due to salary from work on current monthly benefits if claimed at 62
Among all respondents; percent selecting each answer
Correct answer is "will gradually get back"



Q11. Which of the following best describes your understanding of the reduction in your current monthly Social Security retirement benefit due to your salary from work?
Base: Those who responded "Salary from work reduces your current monthly Social Security benefit in Q10 (n=1596)"

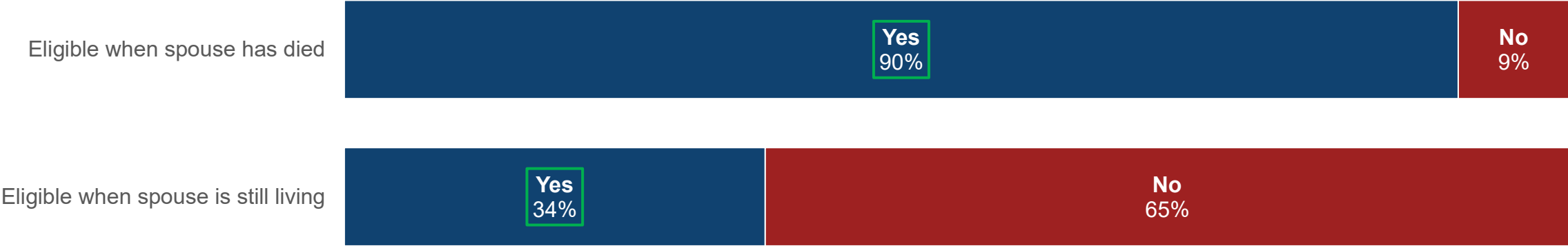


MARITAL COMPLEXITIES IMPACT BENEFIT AMOUNTS

Most adults mistakenly believe dependent spouses are only eligible for Social Security payments after their spouse dies.

When responding to a vignette of a married couple — John and Helen — most (90%) correctly believe Helen will receive Social Security based on John’s benefits after John’s death, but just one third (34%) believe Helen can receive those benefits while John is alive. Understanding of living spouse benefits is similarly low across age groups, while older Americans are more likely to know about spouses’ survivor benefits.

Knowledge about eligibility for spouse and widow benefits
Among all respondents; percent answering yes or no
Correct answer for both is "yes"

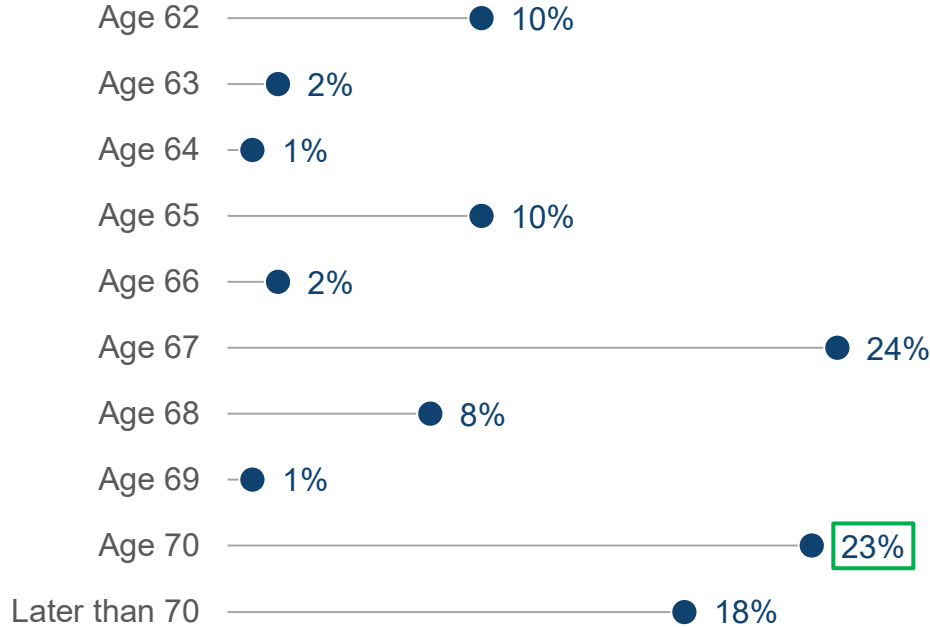


Q12. Assume that John and Helen have been married for 20 years. Both are 63 years old. Helen has never worked but John has worked long enough to be eligible for Social Security retirement benefits. To the best of your knowledge, could Helen receive Social Security benefits based on John’s benefits...[while he is alive; after he dies]?
Base: All respondents

Despite nearly all saying they want to maximize spousal and survivor benefits, the large majority do not know the optimal age(s) to do so.

Nearly eight in 10 adults who are aware of a widow benefit know that the age at which they collect their own Social Security benefits affects their spouse’s widow(er) monthly benefits after they die, yet only 23% of those know the correct age to maximize those benefits is 70. While nearly a quarter select full retirement age (67), nearly one in five select an age above 70.

Age to claim to maximize survivor's benefit
Among all respondents; percent selecting each answer
Correct answer is 70

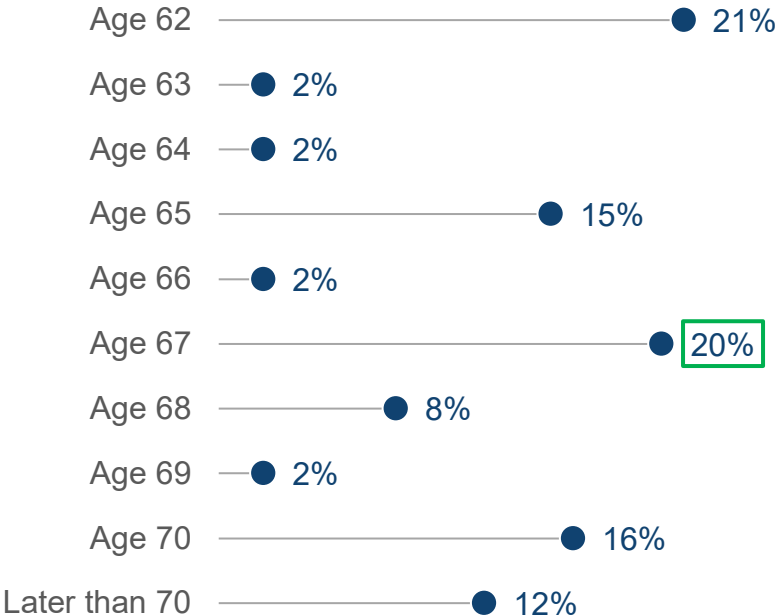


Q14. What is the age at which John should start collecting his Social Security retirement benefits if he wants Helen to receive the highest possible monthly widow benefit in case he dies before her? (If you're not sure, please provide your best guess.) Base: Respondents who correctly responded "Yes" that Helen can collect benefits on John's work record after he dies (n=2465).

Even fewer — just under half — know that the age at which a widow(er) collects their survivor benefits impacts the amount they are eligible to collect, and few know the age to maximize the payment.

Only 49% of those who know they can receive a widow(er) benefit know that the age at which a widow(er) claims the benefit will impact the amount of benefits. Of those, only 20% correctly identified that age as 67. In fact, 62 was the most common age selected (21%) and age 70 was third (16%).

Age to claim for widow to maximize survivor's benefit
Among all respondents; percent selecting each answer
Correct answer is 67

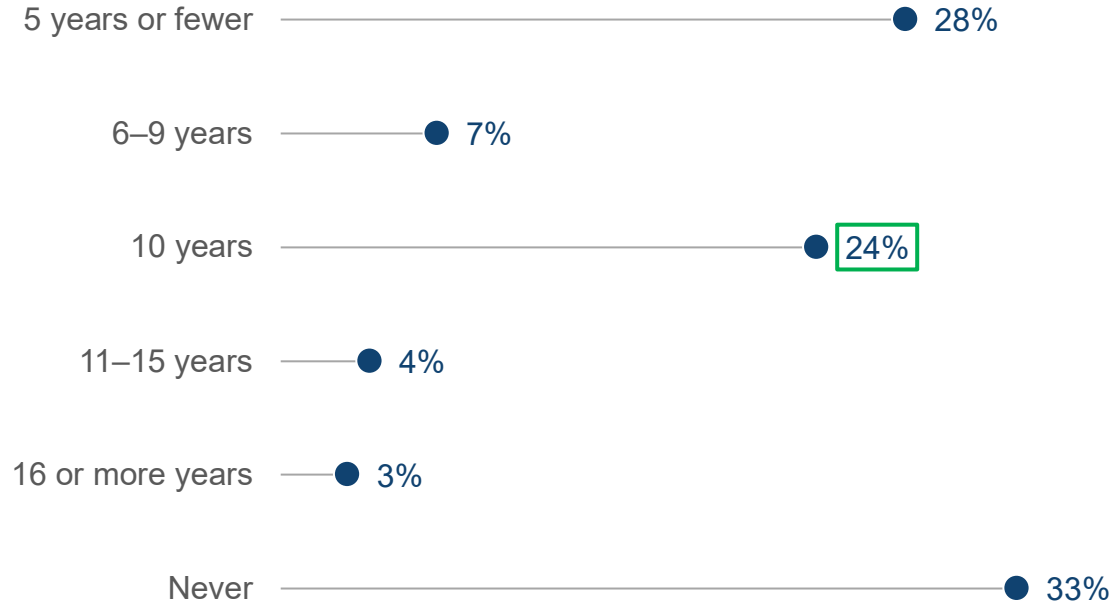


Q14. After John dies, what is the age at which Helen should start collecting her Social Security widow benefits in order to receive the highest possible monthly widow benefit?
Base: Respondents who know the age at which Helen starts collecting her Social Security widow benefits affects the amount of monthly widow benefit (n=1553)

Few know that a divorced person can collect retirement benefits on an ex's work record, provided they had been married at least 10 years.

If a couple is married for at least 10 years, either spouse can collect Social Security retirement benefits based on the ex's work record in the event of a divorce. Just under a quarter (24%) of Americans know that divorced spouses can collect benefits on an ex's work record *and* that they must have been married at least 10 years. In fact, 33% do not believe an ex can ever collect retirement benefits based on their former spouse's work history.

Length of marriage to be able to collect divorced spouse benefits
Among all respondents; percent selecting each answer
Correct answer is 10 years

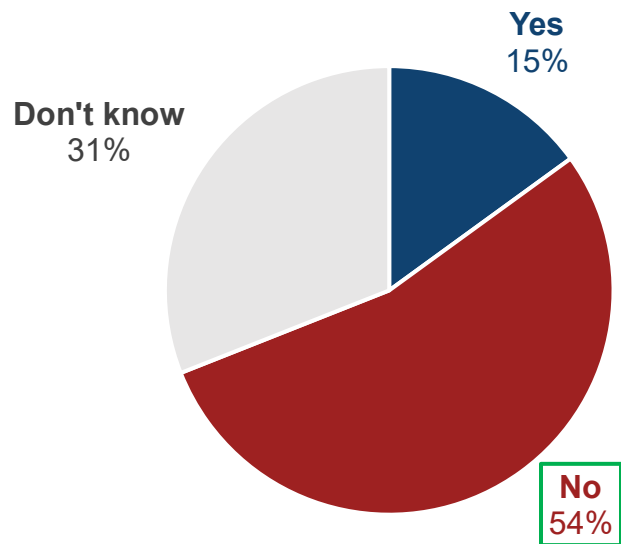


Q17. Assume that Susan and Rich divorced after 5 years of marriage. If Susan is unmarried at the time she becomes eligible for Social Security, would she be eligible to file for Social Security spousal benefits on Rich's work record? Base: All respondents. Q17A. In order for Susan to be eligible to file for Social Security spousal benefits on Rich's work record, what is the minimum number of years that she would have had to have been married to Rich? Base: Respondents who correctly responded that being married 5 years does not qualified divorced spouses for benefits(n=2281). Percentages calculated by author by collapsing Q 17 and Q 17A.

However, the majority do know that their own remarriage negates their ability to claim on an ex's work record.

More than half (54%) of those who know there is a divorced spouse benefit also know that if one remarries, they are no longer able to claim Social Security benefits off the former spouse's work record. There is also around one-third who "don't know." Only 28% know that more than one spouse or ex-spouse can claim benefits on the same person's work record.

Remarriage impacts ability to collect off ex-spouse's work record
Among all respondents; percent selecting each answer
Correct answer is "no"



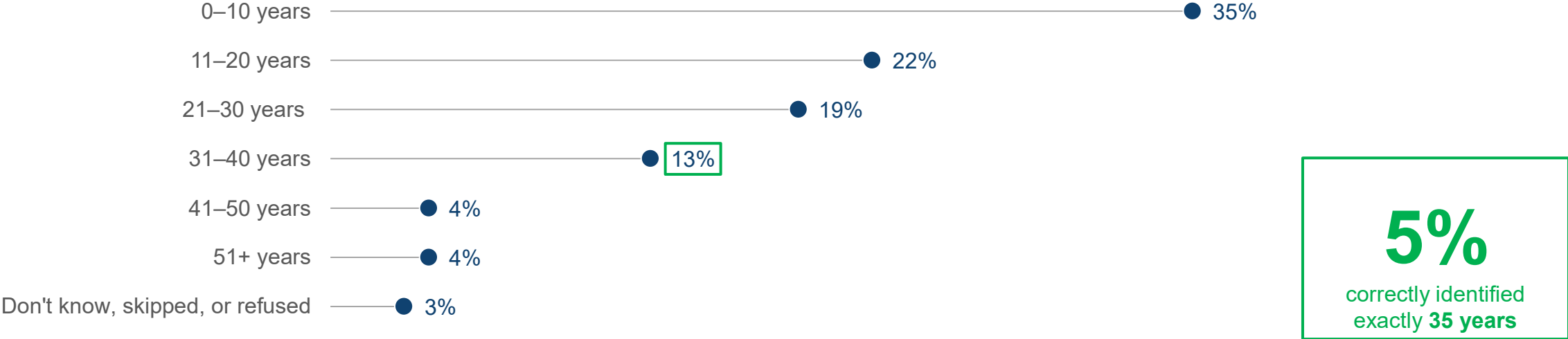
Less than 3 in 10 (28%) are aware that both a former spouse and a current spouse can collect spousal benefits on the same person's work record.

Q18A. If Susan and Rich were married for 15 years and they get divorced, but Susan gets remarried to another person, can Susan still be eligible to file for Social Security spousal benefits on Rich's [her ex-husband's] work record? Base: Respondents who know there is a divorced spouse benefit (n=1287). Q18B. . If Susan decides to collect spousal benefits on her ex-husband, Rich's, work record, can Rich's new wife also collect spousal benefits on Rich's work record? Base: Respondents who know there is a divorced spouse benefit (n=1287)

Only a small minority know how many years of earnings are used to calculate their payment amount.

The Social Security Administration uses the highest 35 years of earnings history to calculate a retiree’s benefit amount. Not only will this impact the benefit amount, but it is knowledge that is critical long before an individual considers when to retire. Only 13% of respondents fell within five percentage points of the correct answer, and only 5% were correct. Both 10 and 20 years were the most commonly selected (17% each).

Years of earnings used to calculate benefits
Among all respondents; percent selecting each answer
Correct answer is 31–40 years



Q20. How many years of earnings does the Social Security Administration use to calculate your Social Security retirement benefit amount? Base: All respondents

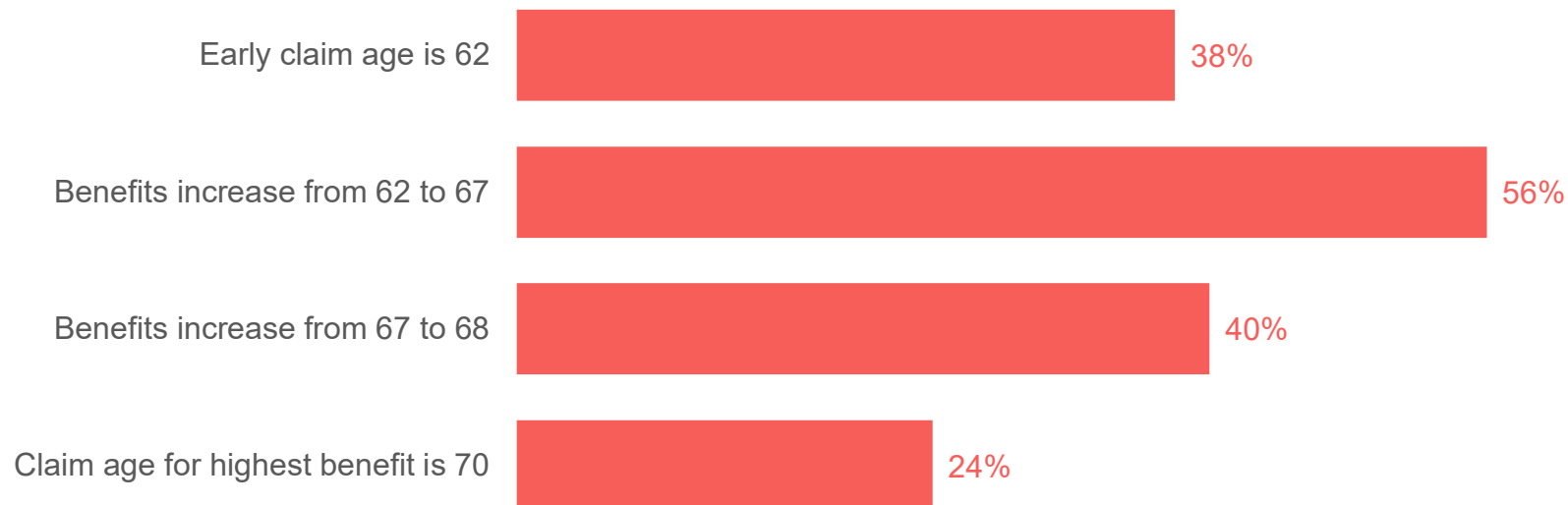


LACK OF KNOWLEDGE AMONG THOSE WHO RELY ON IT MOST

Despite higher reliance on Social Security, women are less knowledgeable than men about claiming ages and are more likely to wish they knew more.

Women are more likely to rely on Social Security as a source of retirement income than men (Current Population Survey, 2020–2022) and wish they knew more about how benefits are determined (73% vs. 67%). However, they are less likely to say they are knowledgeable (37% vs. 45%). Overall, women have fairly low knowledge of claiming ages.

Percent answering the following questions about claiming ages correctly
Among respondents who are women

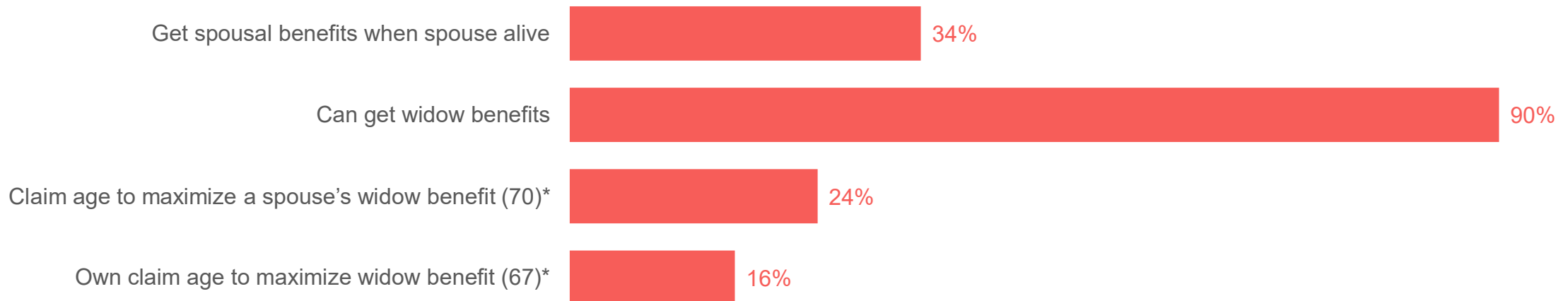


Question wording for these items can be found on slides 10-12.

In addition, women have low knowledge of the ages that will maximize widow payments.

Women have gaps in knowledge around spousal benefits and divorce benefits. The one area where they show high knowledge is the existence of a widow benefit, yet only a minority know the ages at which they should claim to maximize widow benefits. This information is critical for planning and living in retirement. While many of the data points for men are similar to those for women, the implications are greater for women because of their dependence on Social Security in retirement, their longevity, and their reliance on a spouse or widow benefit.

Percent answering the following questions about marital benefits correctly
Among respondents who are women

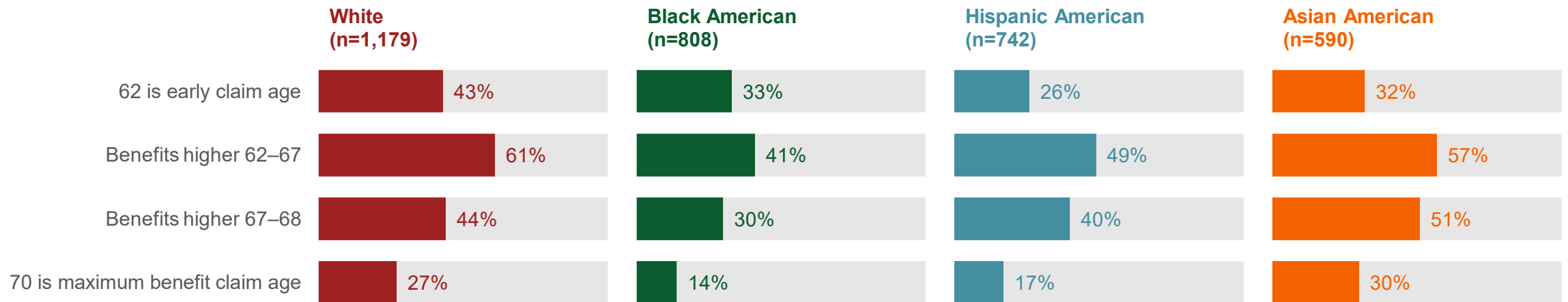


**Base for these items is those who know that claim age matters for widow benefits. In both cases, men are more likely than women to know that the age the deceased claimed and the age the widow claims impact benefit amounts. Question wording for these items can be found on slides 14-16.*

Black and Hispanic workers may need to claim earlier, but few know the early claim age.

Black and Hispanic Americans¹ rely on Social Security heavily in retirement, meaning that any lack of knowledge could have a deeper impact on retirement security. These data show that they have lower knowledge of some topics, such as the early claim age, that they can increase benefit amounts by waiting to claim them, and that the maximum monthly benefit is attained by claiming at age 70.

Percent answering the following questions about claiming ages correctly
Among all respondents, by race or ethnicity



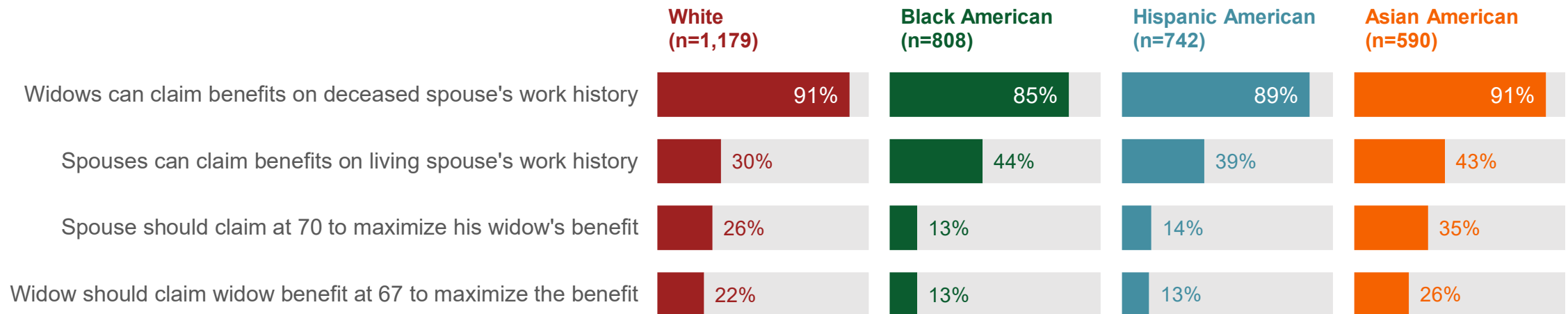
¹The Current Population Survey (2020–2022) shows Black adults rely on Social Security heavily in retirement: 46% rely on it for 50% or more and 29% rely on it for 90% or more. For Hispanic adults, 41% rely on it for at least 50% and 25% rely on it for 90% or more. Question wording for these items can be found on slides 14–16.

Also, Black and Hispanic workers need clarity on widow and spousal benefits.

While Black and Hispanic Americans have higher knowledge of the Social Security spousal benefit than do their white counterparts, knowledge still falls under half of the population. When considering spouse ages to claim widow benefits, few know the correct ages to maximize benefits. As with all respondents, additional education on these nuances is necessary.

One in five Black and slightly fewer Hispanic (18%) Americans know that divorced spouses can collect on each other's work record after 10 years of marriage.

Percent know the following about widow and spousal benefits
Among all respondents, by race or ethnicity



Question wording for these items found on slides 20-22.



IMPLICATIONS

Implications

Americans are eager for more information about how Social Security benefits are determined, yet the majority ask friends and family who are just as ill-informed as they are. Easy access to accurate resources is critical to help future retirees make the right decisions for themselves and their families. Furthermore, since younger Americans are as eager for more information as older Americans, resources should also show up in areas where younger Americans get their information.

Americans need clear and personalized information. This is especially important for populations that do and will rely on Social Security more heavily in retirement — women, Black/African American adults, and Hispanic/Latino adults.

Connections need to be made with other retirement planning resources so that Social Security is fully considered as one of multiple sources of retirement income. Special attention should be paid to those resources that target women and multicultural populations.

Americans need information to help them understand the Social Security Trust Fund and what exhaustion means. This has clear implications for retirement income and should be included in planning.

Social Security's rules around claiming are complex and become more so when claiming early, when married, or if divorced. The nuances make a difference in benefit amounts and accessible information will help current and future beneficiaries understand the impact of their decisions.

AARP offers a variety of information at the [Social Security Resource Center](#).*

- A Social Security benefits calculator
- A question and answer tool
- Webinars
- Informative articles
- A way to tell Congress to protect Social Security

The Social Security Resource Center is also available in Spanish: www.aarp.org/segurosocial



METHODOLOGY

Methodology

- **Objectives:** To understand knowledge of Social Security's claiming rules.
- **Methodology:** Online and telephone (landline and cell).
- **Qualifications:** Adults ages 50–66 who are receiving or expect to receive Social Security retirement benefits.
- **Sample:** NORC Amerispeak, n=2,722; nonprobability panels for oversamples, n=611.
- **Interviewing Dates:** July 21 – August 14, 2023.
- **Weighting:** The data are weighted by age, race, gender, region, housing tenure, household phone status, education, and AARP membership.
- **Questionnaire length:** 12 minutes (median).
- **Confidence Interval:** Total sample: $\pm 2.92\%$.



About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence, AARP strengthens communities and advocates for what matters most to the more than 100 million Americans 50-plus and their families: health security, financial stability and personal fulfillment. AARP also produces the nation's largest circulation publications: AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org/about-aarp/, www.aarp.org/español or follow [@AARP](https://twitter.com/AARP), [@AARPenEspañol](https://twitter.com/AARPenEspañol) and [@AARPadvocates](https://twitter.com/AARPadvocates) on social media.



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